

ORIGINAL

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(GREENBELT DIVISION)**

ENTERED

NOV 22 2002

**U.S. BANKRUPTCY COURT
DISTRICT OF MARYLAND
GREENBELT**

In re:

Mattress Discounters Corporation and
T.J.B., Inc.,

Debtors.

Chapter 11

Case No. 02-22330-DK

(Jointly Administered)

**STIPULATION AND CONSENT ORDER BETWEEN DEBTORS
AND POTOMAC ELECTRIC POWER COMPANY REGARDING
ADEQUATE ASSURANCE UNDER SECTION 366(b)**

This Stipulation is entered into by Mattress Discounters Corporation and T.J.B., Inc., debtors and debtors-in-possession in these Chapter 11 cases (the "Debtors"), and Potomac Electric Power Company ("PEPCO");

WHEREAS, on October 23, 2002, the Debtors filed petitions for relief under Chapter 11 of the United States Bankruptcy Code and are continuing to operate their business as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code;

WHEREAS, the Debtors filed an Emergency Motion for Interim and Final Orders Under 11 U.S.C. §§ 105, 362, 365, 503(b), 507(a) and 366(b) (i) Prohibiting Utilities from Altering, Refusing or Discontinuing Services on Account of Prepetition Claims; (ii) Establishing Procedures for Determining Requests for Additional Adequate Assurance (the "Motion");

WHEREAS, PEPCO objected to the Debtors' Motion (the "Objection");

WHEREAS, to avoid the cost of litigation and to resolve the Objection, the parties have entered into this Stipulation and Consent Order (the "Consent Order"), which will provide PEPCO with adequate assurance of payment pursuant to Section 366 of the Bankruptcy Code; and accordingly,

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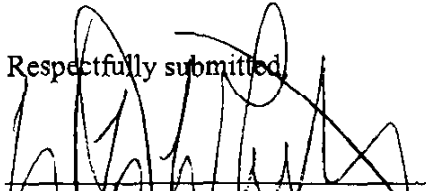
IT IS HEREBY STIPULATED AND AGREED THAT:

1. As adequate assurance of payment under section 366(b) of the Bankruptcy Code, the Debtors shall pay to PEPCO a cash deposit in the amount of \$15,000 on or before November 14, 2002 by delivering such payment to the office of PEPCO's undersigned counsel.
2. The Debtors shall continue to be billed and to pay for post-petition utility service in accordance with the customary pre-petition billing and payment procedures, and any unpaid post-petition charges for post-petition utility services due to PEPCO constitute actual and necessary expenses of preserving the Debtors' estates under section 503(b)(1)(A) of the Bankruptcy Code, entitling PEPCO to an administrative expense priority under section 507(a)(1) of the Bankruptcy Code.
3. Upon entry of a final Order of Confirmation of a plan of reorganization, PEPCO upon request shall refund any deposit to the Debtors that it is then holding to the extent no unpaid post-petition PEPCO invoices exist on that date (including but not limited to accrued but unbilled services); provided, however, that the refund of such deposit shall not constitute a determination of creditworthiness and shall be without prejudice to PEPCO's right to request a post-confirmation deposit from the Debtors in accordance with applicable tariffs.
4. This Consent Order shall govern the rights of the parties on adequate assurance under 11 U.S.C. § 366 notwithstanding the entry of any other order in this case on adequate assurance (including the Court's Interim Order Under 11 U.S.C. § § 105, 362, 365, 503(b), 507(a) and 366 (i) Prohibiting Utilities from Altering, Refusing or Discontinuing Services on Account of Prepetition Claims and (ii) Establishing Procedures for Determining Requests for

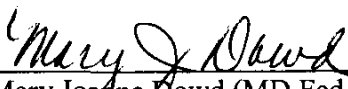
Additional Adequate Assurance entered on November 6, 2002), which other orders shall not apply to the parties hereto.

Dated: November 19, 2002

Respectfully submitted,



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SO ORDERED, this 20th day of November, 2002


Duncan W. Keir
UNITED STATES BANKRUPTCY JUDGE